

Message Text

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ACTION EB-08

INFO OCT-01 AF-10 EUR-12 EA-10 IO-13 ISO-00 AGRE-00
CEA-01 CIAE-00 COME-00 DODE-00 FRB-03 H-01 INR-07
INT-05 L-03 LAB-04 NSAE-00 NSC-05 PA-01 CTME-00
AID-05 SS-15 STR-06 ITC-01 TRSE-00 USIA-06 PRS-01
SP-02 SOE-02 OMB-01 DOE-11 SIL-01 /135 W
-----043022 181404Z /42

P R 181338Z JAN 78

FM AMEMBASSY BONN

TO SECSTATE WASHDC PRIORITY 4901

INFO AMEMBASSY BRUSSELS

AMEMBASSY COPENHAGEN

AMEMBASSY DUBLIN

AMEMBASSY LONDON

AMEMBASSY LUXEMBOURG

AMEMBASSY PARIS

AMEMBASSY THE HAGUE

AMEMBASSY ROME PRIORITY

AMEMBASSY STOCKHOLM

AMEMBASSY HELSINKI

AMEMBASSY OSLO

AMEMBASSY TOKYO

AMEMBASSY SEOUL

AMCONSUL JOHANNESBURG

USMISSION GENEVA

LIMITED OFFICIAL USE SECTION 01 OF 02 BONN 00932

ALSO FOR USEEC AND USMTN

E.O. 11652: N/A

TAGS: ETRD, GW

SUBJ: STEEL TRIGGER PRICE TALKS WITH FRG

1. TREASURY DAS EHRENSHAFT, U.S. CUSTOMS AND EMBOFFS

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MET WITH ECONOMICS MINISTRY ASSISTANT SECRETARY STEEG
JANUARY 17 TO REVIEW STEEL TRIGGER PRICE MECHANISM
(TPM) AFTER DAY OF TALKS WITH REPS FROM BOTH
INDUSTRY (THYSSEN, KRUPP, HOESCH, WOLFF AND GERMAN
STEEL AND IRON FEDERATION) AND FRG ECONOMICS MINISTRY
AND FOREIGN OFFICE. AT EACH SESSION PRESENTATION MADE
OF OUTLINE OF U.S. ANTI-DUMPING LAW OF HOW TPM FITS

WITHIN IT AND OF HOPE FOR COOPERATION FROM GERMAN PRODUCERS TO PROVIDE INFO ON SALES AND PRICES IF REQUESTED IN "FAST TRACK" INVESTIGATIONS. FEDERATION WAS ALSO ASKED TO FURNISH PERIODIC, AGGREGATE DATA ON PRICES AND COSTS TO ASSIST MONITORING. INDUSTRY REPS, INCLUDING FEDERATION, SEEMED WILLING TO BE COOPERATIVE AND ASSISTANT SECRETARY STEEG SAID GERMAN GOVERNMENT WOULD SURELY NOT STAND IN WAY OF VOLUNTARY SUBMISSIONS.

2. STRESSING US COULD NOT AND WOULD NOT INTERFERE WITH INTRA-EC POLICIES ON STEEL PRICES, CONCERN WAS EXPRESSED THAT, IF GERMAN HOME MARKET PRICES WERE AT EC GUIDANCE LEVELS, AND THOSE WERE 30 PERCENT OVER PRICES OF SALES TO US (ASSUMING US SALES AT TRIGGER PRICE LEVELS), CLAIMS BY US INDUSTRY OF SALES UNDER "FAIR VALUE" MIGHT BE RECEIVED. POINT HAD NOT BEEN APPRECIATED BY GERMANS BEFORE. ASSISTANT SECRETARY STEEG STRESSED FRG CONCERN ABOUT EC POLICIES AND THAT COMMISSION PROPOSALS HAD NOT YET BEEN FINALLY APPROVED BY COUNCIL. SHE ALSO HOPED TPM -- AND EC "EQUIVALENT" -- WOULD BE TEMPORARY AND NOT MODEL FOR OTHER INDUSTRIAL SECTORS.

3. INDUSTRY REPS STRONGLY COMPLAINED ABOUT TRIGGER PRICES SET HIGHER FOR GREAT LAKES AND EAST COAST LIMITED OFFICIAL USE

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(WHERE EUROPEANS COMPETE) THAN WEST COAST (WHERE THEY DON'T). THEORY OF DELIVERED PRICE EXPLAINED, BUT FOUND UNCONVINCING. THEY BELIEVE SYSTEM UNDULY FAVORS JAPANESE SUPPLIERS.

4. MANY QUESTIONS ASKED ABOUT "SALAMI SLICING" UNDER TRIGGER PRICES AT WHICH FIRST BITE OF FORMAL INVESTIGATION WILL BE INITIATED. POSITION TAKEN THAT FIRST BITE CANNOT BE IDENTIFIED NOW BUT MUST BE TAKEN EFFECTIVELY, AND PROMPTLY, AS SOON AS EVIDENCE OF SIGNIFICANT SALES BELOW TRIGGER PRICES APPEARS. FOR OTHER COMPANIES IN COUNTRY FROM WHICH SUCH SALES COME TO BE EXCLUDED FROM FAST TRACK INVESTIGATION, THEY MUST QUICKLY HAVE DATA AVAILABLE TO DEMONSTRATE BASIS FOR EXCLUSION. THIS POINT MOST EFFECTIVE IN CONVINCING INDUSTRY OF NEED TO BE READY TO RESPOND QUICKLY TO DATA REQUESTS.

5. PRINCIPAL OTHER QUESTIONS RAISED RELATED TO FUTURE OF PENDING CASE AGAINST EC PRODUCERS. FOR TIME BEING CONTINUED WORK ON REPLIES TO QUESTIONNAIRES WAS URGED, SINCE UNTIL TPM FULLY IN EFFECT NO LEGAL BASIS FOR

CONSIDERING ALTERNATIVE EXISTS. THEREAFTER, TREASURY
COULD CONSIDER DISCONTINUANCE WHETHER OR NOT
COMPLAINANT WITHDRAWS, ALTHOUGH SUCH ACTION WITHOUT
WITHDRAWAL MAY BE MORE VULNERABLE IF COMPLAINANT THEN
SOUGHT JUDICIAL REVIEW.

6. PARTICULAR POINTS STATED BY SEVERAL FRG GOVERNMENT
REPS, OF WHICH CORRECTION ATTEMPTED:

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-----043010 181404Z /42

P R 181338Z JAN 78

FM AMEMBASSY BONN

TO SECSTATE WASHDC PRIORITY 4902

INFO AMEMBASSY BRUSSELS

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(A) THAT TRIGGER PRICES WERE SET IN LIGHT OF
U.S. DOMESTIC INDUSTRY LEVELS;

(B) THAT PARTICULAR PERCENTAGE REDUCTION OF
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IMPORTS WAS FORECAST (OR EVEN PROMISED) BY TREASURY; AND

(C) THAT FOREIGNERS MEETING US DOMESTIC PRICE
LEVEL (OR SELLING AT HISTORIC -- SAY 5 PERCENT --
MARGIN BELOW IT), REGARDLESS OF TRIGGER PRICE, COULD
NOT RESULT IN INVESTIGATION OR DUMPING FINDING.

7. IT IS OBVIOUS THAT DETAILS OF TPM NOT WELL
UNDERSTOOD BY GERMANS PRIOR TO MEETINGS AND CONTINUED
EDUCATION EFFORT SHOULD BE MADE. BUT COOPERATIVE
ATTITUDE BY BOTH INDUSTRY AND GOVERNMENT REPS SEEMS
EVIDENT.

8. EMBASSY COMMENT: FOREGOING MESSAGE DRAFTED BY
MR. EHRENHAFT. EMBASSY SINCERELY APPRECIATED VISIT,
WHICH RESULTED IN CLEARING UP OF NUMEROUS MISUNDER-
STANDINGS ON PART OF GERMAN OFFICIALS AND HIGH-LEVEL
BUSINESSMEN. WE WOULD LIKE TO HAVE MORE VISITS OF THIS
HIGH CALIBER.
STOESSEL

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Message Attributes

Automatic Decaptioning: X
Capture Date: 01 jan 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: STEEL, STEELS, PRICES
Control Number: n/a
Copy: SINGLE
Draft Date: 18 jan 1978
Decaption Date: 01 jan 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 20 Mar 2014
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
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ISecure: 1
Legacy Key: link1978/newtext/t19780152/aaaabrfl.tel
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Litigation Codes:
Litigation History:
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Office: ACTION EB
Original Classification: LIMITED OFFICIAL USE
Original Handling Restrictions: n/a
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Previous Handling Restrictions: n/a
Reference: n/a
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Review Action: RELEASED, APPROVED
Review Content Flags:
Review Date: 03 may 2005
Review Event:
Review Exemptions: n/a
Review Media Identifier:
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
SAS ID: 3758005
Secure: OPEN
Status: NATIVE
Subject: STEEL TRIGGER PRICE TALKS WITH FRG
TAGS: ETRD, GE
To: STATE
Type: TE
vdkgvwkey: odbc://SAS/SAS.dbo.SAS_Docs/26bacfe2-c288-dd11-92da-001cc4696bcc
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